

Computer Payroll Accounting - For Periods in 2000 and After

A. Information needed from the Employee's completed Withholding Exemption Certificate - Form 89-350 (See Page 6)

1. MS = Marital Status
 - a. Single - Line 1 of Form 89-350 (in this example, we will code "S")
 - b. Married - one spouse employed line 2(a) or line 3 (in this example, we will code "M")
 - c. Married - both spouses employed - line 2(b) (in this example, we will code "B")
 - d. Head of Family - we will code "H"
2. EX = Exemption Claimed (amount on Line 6, Form 89-350)

B. Information needed from employee record:

1. PPAY = period pay, i.e., gross pay earned within the given time period, i.e., daily, weekly, etc.

2. PERIOD = payroll frequency:

Type	Period
Annually	1
Monthly	12
Semi-monthly	24
Bi-weekly	26
Weekly	52
Daily (Misc.)	260

If frequency is miscellaneous, multiply the number of days worked by the tax from the formula.

C. Factor used in computations: (other than those above)

1. STDED = Standard deduction, i.e. \$4,600 Married, \$3,400 Head of Family, \$2,300 Single
2. AGP = Annualized Gross Pay
3. TI = Taxable Income
4. TAX = Annualized Income Tax
5. PWT = Pay Period Withholding Tax

D. The procedure is as follows:

1. Determine STDED by using MS and applying set factors based on Form 89-350 data.
2. Compute AGP as Period multiplied by PPAY (earnings within period time.).
3. Determine TI by subtracting the sum of total exemptions plus the appropriate standard deduction from AGP.
4. Determine Annualized Tax As:
 - a. If TI is less than \$0.01, no tax due.
 - b. If TI is greater than \$10,000.00, then TAX is 5% of TI in excess of \$10,000.00 plus \$350.00 (which is 3% of the first \$5,000.00 or \$150.00 plus 4% of the second \$5,000.00 or \$200.00).
 - c. If TI is greater than \$5,000.00 and less than or equal to \$10,000.00, then TAX is 4% of TI in excess of \$5,000.00 plus \$150.00 (which is 3% of the first \$5,000.00).
 - d. If TI is less than \$5,000.00, then TAX is 3% of TI.
5. Divide the computed annualized tax by the frequency to arrive at the amount of tax due for this period (unless the computed tax is zero or the employee falls in the miscellaneous category).

If questions arise concerning this method of computing, telephone or write:

Mississippi Department of Revenue
Income Tax Division, Withholding Section
Post Office Box 1033
Jackson, Mississippi 39215
Telephone (601) 923-7088

